

Senate File 353 - Introduced

SENATE FILE 353

BY CHELGREN

A BILL FOR

1 An Act creating a private school tuition tax credit available
2 against the individual income tax and including retroactive
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11K Private school tuition tax
2 credit.

3 1. The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by a private
5 school tuition tax credit equal to the amounts that the
6 taxpayer has paid to others for tuition and textbooks of each
7 dependent in grades kindergarten through twelve attending a
8 nonpublic elementary or secondary school situated in Iowa,
9 which school is accredited or approved under section 256.11,
10 which is not operated for profit, and which adheres to the
11 provisions of the federal Civil Rights Act of 1964 and chapter
12 216, not to exceed an amount per dependent equal to the regular
13 program state cost per pupil calculated by the department
14 of management for the budget year that begins during the
15 taxpayer's tax year. A taxpayer who elects to claim the credit
16 provided in this section shall not claim the tuition credit
17 provided in section 422.12, subsection 2, paragraph "b". For
18 purposes of this subsection, "dependent", "textbooks", and
19 "tuition" all mean the same as defined in section 422.12.

20 2. Any tax credit in excess of the tax liability for the tax
21 year is refundable.

22 3. a. In lieu of claiming the credit on the taxpayer's
23 return the taxpayer may elect, in the manner and form
24 prescribed by the department, to transfer the tax credit or any
25 amount of the tax credit.

26 b. A taxpayer who has made an election to transfer a
27 tax credit pursuant to paragraph "a" shall be issued a tax
28 credit certificate by the department containing the taxpayer's
29 name, address, tax identification number, the amount of the
30 credit, a place for the name and tax identification number of a
31 transferee and the amount of the tax credit being transferred,
32 and any other information deemed relevant by the department.

33 c. Tax credit certificates issued under this subsection
34 may be transferred to any person. Within ninety days of
35 transfer, the transferee shall submit the transferred tax

1 credit certificate to the department along with a statement
 2 containing the transferee's name, tax identification number,
 3 and address, the denomination that each replacement tax credit
 4 certificate is to carry, and any other information required
 5 by the department. However, tax credit certificate amounts
 6 of less than the minimum amount established by rule of the
 7 department shall not be transferable.

8 *d.* Within thirty days of receiving the transferred tax
 9 credit certificate and the transferee's statement, the
 10 department shall issue one or more replacement tax credit
 11 certificates to the transferee. Each replacement tax credit
 12 certificate must contain the information required for the
 13 original tax credit certificate and must have the same
 14 expiration date that appeared on the transferred tax credit
 15 certificate.

16 *e.* A tax credit shall not be claimed by a transferee
 17 under this section until a replacement tax credit certificate
 18 identifying the transferee as the proper holder has been
 19 issued. The transferee may use the amount of the tax credit
 20 transferred against the taxes imposed in chapter 422, division
 21 II, for any tax year the original transferor could have claimed
 22 the tax credit. Any consideration received for the transfer of
 23 the tax credit shall not be included as income under chapter
 24 422, divisions II, III, and V. Any consideration paid for the
 25 transfer of the tax credit shall not be deducted from income
 26 under chapter 422, divisions II, III, and V.

27 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
 28 retroactively to January 1, 2015, for tax years beginning on
 29 or after that date.

30 EXPLANATION

31 The inclusion of this explanation does not constitute agreement with
 32 the explanation's substance by the members of the general assembly.

33 This bill creates a private school tuition tax credit
 34 available against the individual income tax. Under current law
 35 in Code section 422.12, a taxpayer may claim a nonrefundable

1 individual income tax credit equal to 25 percent of the first
2 \$1,000 paid by a taxpayer for tuition and textbooks of a
3 dependent to attend an elementary or secondary school in Iowa
4 that meets certain requirements.

5 The bill creates a new private school tuition tax credit
6 equal to the full amount of tuition and textbooks paid by a
7 taxpayer for a dependent of the taxpayer to attend a nonpublic
8 elementary or secondary school in Iowa that meets certain
9 requirements specified in the bill. "Dependent", "tuition",
10 and "textbooks" are defined in the bill to mean the same as
11 used in the existing tuition and textbook tax credit in Code
12 section 422.12.

13 The maximum amount of private school tuition tax credit that
14 may be claimed per dependent in any given tax year shall not
15 exceed the regular program state cost per pupil calculated by
16 the department of management during that tax year.

17 The tax credit is refundable or, at the election of the
18 taxpayer, may be transferred to any other person. The bill
19 establishes procedures for transferring the credit to another
20 person, including procedures for the issuance of a tax credit
21 certificate by the department of revenue.

22 A taxpayer that elects to claim the private school tuition
23 tax credit provided in the bill is ineligible to claim the
24 existing tuition and textbook tax credit in Code section
25 422.12.

26 The bill applies retroactively to tax years beginning on or
27 after January 1, 2015.